



ANNUAL STATEMENT
For the Year Ending December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE
Meridian Health Plan of Michigan, Inc.

NAIC Group Code	4640 (Current Period)	4640 (Prior Period)	NAIC Company Code	52563	Employer's ID Number	38-3253977
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	12/31/1995		Commenced Business	12/31/1995		
Statutory Home Office	777 Woodward Ave. Suite 600 (Street and Number)		Detroit, MI 48226 (City or Town, State and Zip Code)			
Main Administrative Office	777 Woodward Ave. Suite 600 (Street and Number)					
	Detroit, MI 48226 (City or Town, State and Zip Code)		(313)324-3700 (Area Code) (Telephone Number)			
Mail Address	777 Woodward Ave. Suite 600 (Street and Number or P.O. Box)		Detroit, MI 48226 (City or Town, State and Zip Code)			
Primary Location of Books and Records			Same (Street and Number)			
	Same, (City or Town, State and Zip Code)		(313)324-3700 (Area Code) (Telephone Number)			
Internet Website Address	www.hpmich.com					
Statutory Statement Contact	Julie Secord (Name)		(313)324-3784 (Area Code)(Telephone Number)(Extension)			
	julie.secord@mhplan.com (E-Mail Address)		(313)202-1290 (Fax Number)			

OFFICERS

Name	Title
David B. Cotton M.D.	President/CEO
Thomas Lauzon	Secretary/CIO
Janice Torosian	Treasurer/CFO

OTHERS

DIRECTORS OR TRUSTEES

George Ellis
Thomas Lauzon
Karie Pasternak #

State of Michigan
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) David B. Cotton, M.D.	(Signature) Thomas Lauzon	(Signature) Janice Torosian
(Printed Name) 1. President	(Printed Name) 2. Secretary	(Printed Name) 3. Treasurer
(Title)	(Title)	(Title)
Subscribed and sworn to before me this day of , 2012	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	46,394,454		46,394,454	37,510,124
2.	Stocks (Schedule D)				
2.1	Preferred stocks	29,361		29,361	30,134
2.2	Common Stocks	6,692,825		6,692,825	7,013,614
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....110,499,256 Schedule E Part 1), cash equivalents (\$.....100,000 Schedule E Part 2) and short-term investments (\$.....10,208,701 Schedule DA)	120,807,957		120,807,957	101,772,139
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)	343,775		343,775	505,634
9.	Receivables for securities				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)				
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	174,268,372		174,268,372	146,831,645
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	480,533		480,533	337,693
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection				
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers	353,463		353,463	14,339
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset	397,288	71,164	326,124	247,584
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software				
21.	Furniture and equipment, including health care delivery assets (\$.....0)				
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care (\$.....7,325,910) and other amounts receivable	7,325,910		7,325,910	9,154,141
25.	Aggregate write-ins for other than invested assets	252,156	247,370	4,786	4,786
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	183,077,722	318,534	182,759,188	156,590,188
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	Total (Lines 26 and 27)	183,077,722	318,534	182,759,188	156,590,188
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Deposits	4,786		4,786	4,786
2502.	Acquired Memberships	242,370	242,370		
2503.	Prepaid Expenses	5,000	5,000		
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	252,156	247,370	4,786	4,786

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	94,945,497		94,945,497	81,772,961
2.	Accrued medical incentive pool and bonus amounts	3,575,271		3,575,271	2,754,761
3.	Unpaid claims adjustment expenses	172,000		172,000	1,242,000
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act	174,000		174,000	
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	3,933,433		3,933,433	3,276,469
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))	2,377,583		2,377,583	2,428,951
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Derivatives				
17.	Payable for securities				
18.	Payable for securities lending				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
20.	Reinsurance in unauthorized companies				
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans				
23.	Aggregate write-ins for other liabilities (including \$.....0 current)				
24.	TOTAL Liabilities (Lines 1 to 23)	105,177,784		105,177,784	91,475,142
25.	Aggregate write-ins for special surplus funds	X X X	X X X		
26.	Common capital stock	X X X	X X X	44,700	44,700
27.	Preferred capital stock	X X X	X X X		
28.	Gross paid in and contributed surplus	X X X	X X X	251,363	251,363
29.	Surplus notes	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
31.	Unassigned funds (surplus)	X X X	X X X	77,285,341	64,818,983
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0)	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0)	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	77,581,404	65,115,046
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33)	X X X	X X X	182,759,188	156,590,188
DETAILS OF WRITE-INS					
2301.	.....			
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	3,429,167	3,131,834
2.	Net premium income (including \$.....0 non-health premium income)	X X X	960,550,710	873,176,910
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	6	
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	TOTAL Revenues (Lines 2 to 7)	X X X	960,550,716	873,176,910
Hospital and Medical:				
9.	Hospital/medical benefits		633,326,444	579,401,876
10.	Other professional services		3,835,877	3,112,008
11.	Outside referrals		28,118,015	24,149,982
12.	Emergency room and out-of-area		14,529,092	12,354,548
13.	Prescription drugs		91,592,747	77,071,751
14.	Aggregate write-ins for other hospital and medical		227,942	272,923
15.	Incentive pool, withhold adjustments and bonus amounts		11,664,725	9,063,725
16.	Subtotal (Lines 9 to 15)		783,294,842	705,426,813
Less:				
17.	Net reinsurance recoveries		352,235	489,428
18.	TOTAL Hospital and Medical (Lines 16 minus 17)		782,942,607	704,937,385
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses		3,334,249	2,656,015
21.	General administrative expenses		156,545,626	149,440,212
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	TOTAL Underwriting Deductions (Lines 18 through 22)		942,822,482	857,033,612
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	17,728,234	16,143,298
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,339,342	1,556,355
26.	Net realized capital gains (losses) less capital gains tax of \$.....126,713		235,324	281,089
27.	Net investment gains (losses) (Lines 25 plus 26)		1,574,666	1,837,444
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	19,302,900	17,980,742
31.	Federal and foreign income taxes incurred	X X X	6,393,053	6,404,527
32.	Net income (loss) (Lines 30 minus 31)	X X X	12,909,847	11,576,215
DETAILS OF WRITE-INS				
0601.	Miscellaneous Income	X X X	6	
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	6	
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Hearing/Speech devices		227,942	272,923
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		227,942	272,923
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	65,115,046	60,012,902
34.	Net income or (loss) from Line 32	12,909,847	11,576,215
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....(239,187) ...	(445,849)	245,482
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(89,483)	(133,530)
39.	Change in nonadmitted assets	91,843	628,223
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		(5,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus		(2,214,246)
48.	Net change in capital and surplus (Lines 34 to 47)	12,466,358	5,102,144
49.	Capital and surplus end of reporting year (Line 33 plus 48)	77,581,404	65,115,046
DETAILS OF WRITE-INS			
4701.	Correction of 2009 Error		(2,214,246)
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		(2,214,246)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	962,466,337	873,476,596
2.	Net investment income	1,575,783	1,546,482
3.	Miscellaneous income	6	
4.	Total (Lines 1 through 3)	964,042,126	875,023,078
5.	Benefit and loss related payments	769,288,686	672,474,588
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	160,292,911	152,190,851
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	6,683,608	4,253,147
10.	Total (Lines 5 through 9)	936,265,205	828,918,586
11.	Net cash from operations (Line 4 minus Line 10)	27,776,921	46,104,492
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	14,142,512	8,762,594
12.2	Stocks	4,496,015	3,168,903
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	286,097	1,365,332
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	237,539	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	19,162,163	13,296,829
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	23,410,972	14,350,586
13.2	Stocks	4,615,192	8,396,520
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		81,868
13.6	Miscellaneous applications	126,713	283,544
13.7	Total investments acquired (Lines 13.1 to 13.6)	28,152,877	23,112,518
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(8,990,714)	(9,815,689)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		5,000,000
16.6	Other cash provided (applied)	249,611	(833,435)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	249,611	(5,833,435)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	19,035,818	30,455,368
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	101,772,139	71,316,771
19.2	End of year (Line 18 plus Line 19.1)	120,807,957	101,772,139

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	960,550,710						766,781	959,783,929		
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.....0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues	6							6		X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6)	960,550,716						766,781	959,783,935		
8.	Hospital/medical benefits	633,326,444						595,044	632,731,400		X X X
9.	Other professional services	3,835,877						1,313	3,834,564		X X X
10.	Outside referrals	28,118,015						26,557	28,091,458		X X X
11.	Emergency room and out-of-area	14,529,092						20,293	14,508,799		X X X
12.	Prescription drugs	91,592,747						250,917	91,341,830		X X X
13.	Aggregate write-ins for other hospital and medical	227,942						13,645	214,297		X X X
14.	Incentive pool, withhold adjustments and bonus amounts	11,664,725							11,664,725		X X X
15.	Subtotal (Lines 8 to 14)	783,294,842						907,769	782,387,073		X X X
16.	Net reinsurance recoveries	352,235							352,235		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16)	782,942,607						907,769	782,034,838		X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....0 cost containment expenses	3,334,249						3,866	3,330,383		
20.	General administrative expenses	156,545,626						181,504	156,364,122		
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22)	942,822,482						1,093,139	941,729,343		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	17,728,234						(326,358)	18,054,592		
DETAILS OF WRITE-INS											
0501.	Miscellaneous Revenue	6							6		X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	6							6		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Hearing/Speech Devices	227,942						13,645	214,297		X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	227,942						13,645	214,297		X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	767,192	.....	411	766,781
7.	Title XIX - Medicaid	960,865,729	.....	1,081,800	959,783,929
8.	Other health .....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 through 8)	961,632,921	.....	1,082,211	960,550,710
10.	Life .....	.....	.....	.....	.....
11.	Property/casualty .....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	961,632,921	1,082,211	960,550,710

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	758,457,580						600,180	757,857,400		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	13,111							13,111		
1.4 Net	758,444,469						600,180	757,844,289		
2. Paid medical incentive pools and bonuses	10,844,215							10,844,215		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	94,945,497						307,589	94,637,908		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	94,945,497						307,589	94,637,908		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	3,575,271							3,575,271		
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	353,463							353,463		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	81,772,961							81,772,961		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	81,772,961							81,772,961		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	2,754,761							2,754,761		
11. Amounts recoverable from reinsurers December 31, prior year	14,339							14,339		
12. Incurred benefits:										
12.1 Direct	771,630,116						907,769	770,722,347		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	352,235							352,235		
12.4 Net	771,277,881						907,769	770,370,112		
13. Incurred medical incentive pools and bonuses	11,664,725							11,664,725		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	7,722,082						3,439	7,718,643		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	7,722,082						3,439	7,718,643		
2. Incurred but Unreported:										
2.1 Direct	87,223,415						304,150	86,919,265		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	87,223,415						304,150	86,919,265		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	94,945,497						307,589	94,637,908		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	94,945,497						307,589	94,637,908		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	600,180	.....	307,589	.....	.....
7.	Title XIX - Medicaid	78,877,119	678,628,046	535,000	94,102,908	79,412,119	81,772,961
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	78,877,119	679,228,226	535,000	94,410,497	79,412,119	81,772,961
10.	Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts	2,424,207	8,420,008	.....	3,575,271	2,424,207	2,754,761
13.	TOTALS (Lines 9 - 10 + 11 + 12)	81,301,326	687,648,234	535,000	97,985,768	81,836,326	84,527,722

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	18,792	18,761	18,759	18,759	18,759
2.	2007	240,921	272,675	272,633	272,703	272,710
3.	2008	X X X	319,508	354,657	355,010	355,020
4.	2009	X X X	X X X	478,778	536,186	538,808
5.	2010	X X X	X X X	X X X	614,644	693,306
6.	2011	X X X	X X X	X X X	X X X	687,648

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	18,854	18,761	18,759	18,759	18,759
2.	2007	273,173	272,713	272,633	272,703	272,710
3.	2008	X X X	354,748	354,657	355,010	355,020
4.	2009	X X X	X X X	530,847	537,000	538,808
5.	2010	X X X	X X X	X X X	698,357	693,841
6.	2011	X X X	X X X	X X X	X X X	785,634

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007	310,824	272,710	1,182	0.433	273,892	88.118			273,892	88.118
2.	2008	423,942	355,020	1,803	0.508	356,823	84.168			356,823	84.168
3.	2009	651,901	538,808	2,412	0.448	541,220	83.022			541,220	83.022
4.	2010	873,177	693,306	2,093	0.302	695,399	79.640	535		695,934	79.701
5.	2011	960,551	687,648	3,777	0.549	691,425	71.982	97,986	172	789,583	82.201

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	.....	.....	.....	.....	.....
2.	2007 .....	.....	.....	.....	.....	.....
3.	2008	X X X .....	.....	.....	.....	.....
4.	2009	X X X	X X X .....	.....	.....	.....
5.	2010	X X X	X X X	X X X .....	.....	.....
6.	2011	X X X	X X X	X X X	X X X	600

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	.....	.....	.....	.....	.....
2.	2007 .....	.....	.....	.....	.....	.....
3.	2008	X X X .....	.....	.....	.....	.....
4.	2009	X X X	X X X .....	.....	.....	.....
5.	2010	X X X	X X X	X X X .....	.....	.....
6.	2011	X X X	X X X	X X X	X X X	908

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2008 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2009 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2010 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2011	767	600	.....	.....	600	78.227	308	.....	908	118.383

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	18,792	18,761	18,759	18,759	18,759
2.	2007	240,921	272,675	272,633	272,703	272,710
3.	2008	X X X	319,508	354,657	355,010	355,020
4.	2009	X X X	X X X	478,778	536,186	538,808
5.	2010	X X X	X X X	X X X	614,644	693,306
6.	2011	X X X	X X X	X X X	X X X	687,048

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior	18,854	18,761	18,759	18,759	18,759
2.	2007	273,173	272,713	272,633	272,703	272,710
3.	2008	X X X	354,748	354,657	355,010	355,020
4.	2009	X X X	X X X	530,847	537,000	538,808
5.	2010	X X X	X X X	X X X	698,357	693,841
6.	2011	X X X	X X X	X X X	X X X	784,726

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007	310,824	272,710	1,182	0.433	273,892	88.118			273,892	88.118
2.	2008	423,942	355,020	1,803	0.508	356,823	84.168			356,823	84.168
3.	2009	651,901	538,808	2,412	0.448	541,220	83.022			541,220	83.022
4.	2010	873,177	693,306	2,093	0.302	695,399	79.640	535		695,934	79.701
5.	2011	959,784	687,048	3,777	0.550	690,825	71.977	97,678	172	788,675	82.172

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior					
2.	2007					
3.	2008					
4.	2009					
5.	2010					
6.	2011					

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior					
2.	2007					
3.	2008					
4.	2009					
5.	2010					
6.	2011					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2007										
2.	2008										
3.	2009										
4.	2010										
5.	2011										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)	174,000						174,000		
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. TOTALS (Gross)	174,000						174,000		
7. Reinsurance ceded									
8. TOTALS (Net) (Page 3, Line 4)	174,000						174,000		
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. TOTALS (Gross)									
13. Reinsurance ceded									
14. TOTALS (Net) (Page 3, Line 7)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....174,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)		157,274	5,373,851		5,531,125
2.	Salaries, wages and other benefits		1,506,254	50,261,034		51,767,288
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)					
4.	Legal fees and expenses			828,683		828,683
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services			916,572	238,871	1,155,443
7.	Traveling expenses		553	1,686,980		1,687,533
8.	Marketing and advertising			788,309		788,309
9.	Postage, express and telephone		6,880	2,426,459		2,433,339
10.	Printing and office supplies		528	992,438		992,966
11.	Occupancy, depreciation and amortization			4,308,983		4,308,983
12.	Equipment			3,068,236		3,068,236
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services		1,661,769	14,150,199		15,811,968
15.	Boards, bureaus and association fees		990			990
16.	Insurance, except on real estate			437,072		437,072
17.	Collection and bank service charges			128,752		128,752
18.	Group service and administration fees			2,207,819		2,207,819
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			9,067,075		9,067,075
23.2	State premium taxes					
23.3	Regulator authority licenses and fees			252,525		252,525
23.4	Payroll taxes					
23.5	Other (excluding federal income and real estate taxes)			57,868,293		57,868,293
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses			1,782,346		1,782,346
26.	TOTAL Expenses Incurred (Lines 1 to 25)		3,334,248	156,545,626	238,871	(a) 160,118,745
27.	Less expenses unpaid December 31, current year		172,000	3,933,433		4,105,433
28.	Add expenses unpaid December 31, prior year		1,242,000	3,276,469		4,518,469
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		4,404,248	155,888,662	238,871	160,531,781
DETAILS OF WRITE-INS						
2501.	Charitable Giving/Activities			1,782,346		1,782,346
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)			1,782,346		1,782,346

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 442,828	..... 470,426
1.1	Bonds exempt from U.S. tax	(a)..... 393,674	..... 420,330
1.2	Other bonds (unaffiliated)	(a)..... 347,850	..... 371,538
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b)..... 656	..... 656
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	..... 128,758	..... 131,080
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 130,701	..... 184,183
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 1,444,467	..... 1,578,213
11.	Investment expenses		(g)..... 238,871
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 238,871
17.	Net Investment income (Line 10 minus Line 16) .....		..... 1,339,342
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	..... 3,364	.....	..... 3,364	.....	.....
1.1	Bonds exempt from U.S. tax .....	..... (112)	.....	..... (112)	.....	.....
1.2	Other bonds (unaffiliated) .....	..... (8,093)	.....	..... (8,093)	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	..... 178,839	.....	..... 178,839	..... (621,236)	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	..... 188,038	.....	..... 188,038	..... (63,800)	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... 362,036	.....	..... 362,036	..... (685,036)	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties held for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Derivatives (Schedule DB)			
8.	Other invested assets (Schedule BA)			
9.	Receivables for securities			
10.	Securities lending reinvested collateral assets (Schedule DL)			
11.	Aggregate write-ins for invested assets			
12.	Subtotals, cash and invested assets (Lines 1 to 11)			
13.	Title plants (for Title insurers only)			
14.	Invested income due and accrued			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3	Accrued retrospective premiums			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers			
16.2	Funds held by or deposited with reinsured companies			
16.3	Other amounts receivable under reinsurance contracts			
17.	Amounts receivable relating to uninsured plans			
18.1	Current federal and foreign income tax recoverable and interest thereon			
18.2	Net deferred tax asset	71,164		(71,164)
19.	Guaranty funds receivable or on deposit			
20.	Electronic data processing equipment and software			
21.	Furniture and equipment, including health care delivery assets			
22.	Net adjustment in assets and liabilities due to foreign exchange rates			
23.	Receivables from parent, subsidiaries and affiliates			
24.	Health care and other amounts receivable			
25.	Aggregate write-ins for other than invested assets	247,370	410,377	163,007
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	318,534	410,377	91,843
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28.	Total (Lines 26 and 27)	318,534	410,377	91,843
DETAILS OF WRITE-INS				
1101.	.....		
1102.	.....		
1103.	.....		
1198.	Summary of remaining write-ins for Line 11 from overflow page			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.	Deposits			
2502.	Acquired Memberships	242,370	343,050	100,680
2503.	Prepaid Expenses	5,000	67,327	62,327
2598.	Summary of remaining write-ins for Line 25 from overflow page			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	247,370	410,377	163,007

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	279,585	284,385	283,025	285,022	290,587	3,429,167
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	279,585	284,385	283,025	285,022	290,587	3,429,167
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statements

MERIDIAN HEALTH PLAN OF MICHIGAN, INC.

NAIC Company Code 52563

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011

Note 1 – Nature of Business and Summary of Significant Accounting Policies

Meridian Health Plan of Michigan, Inc. (formerly known as Health Plan of Michigan, Inc.) (the “Company”) operates as a state-licensed health maintenance organization (HMO). Meridian Health Plan of Michigan, Inc. provides medical services to persons in sixty-six Michigan counties who subscribe as recipients of state health benefits (Medicaid benefits). On January 1, 2011, the Company commenced operation of a Medicare Advantage Dual-Eligible Special Needs Plan to provide medical services to dual eligible members (those eligible for both Medicaid and Medicare benefits).

Physician and Hospital Contracts – The Company contracts directly with physician/physician groups and hospitals for the provision of medical care and compensates the providers on either a capitation or fee for service basis. The Company has a risk sharing agreement with some primary care physicians, and a portion of the capitation payments may be retained for settlement of risk-sharing agreements.

Funds Maintained Under Statutory Requirements – The Company maintains funds under statutory or contractual requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the applicable insurance commissioner or other regulatory agency in accordance with statutory and contractual provisions. The Company can utilize interest earned on these funds. At December 31, 2011 and 2010, \$1,224,256 and \$1,224,037, respectively, were held in cash to fulfill these requirements.

Statutory Basis of Accounting – The financial statements have been prepared in accordance with NAIC *Accounting Practices and Procedures* manual and the statutory accounting principles as prescribed by the Michigan Office of Financial and Insurance Regulation. Statutory accounting principles differ from generally accepted accounting principles (“GAAP”) in their definition of assets and liabilities. Specifically, certain assets (such as intangible assets, certain receivables, prepaid expenses, and software) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$1,367,072 and \$994,571 at December 31, 2011 and 2010, respectively. The Company adopted the NAIC’s Codification of Statutory Accounting Principles on January 1, 2003 at the direction of the Michigan Office of Financial and Insurance Regulation. There are no significant differences between statutory accounting principles prescribed by the NAIC and the State of Michigan accounting requirements that are applicable to the Company, except for the prescribed practice for SSAP 84 Certain Health Care Receivables and Receivables Under Government Insured Plans. There is no impact on statutory surplus of the difference in accounting principles prescribed by the NAIC and the State of Michigan, due to the prescribed practice referenced above.

Cash and Cash Equivalents – The Company considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Certificates of deposit in banks or similar financial institutions with maturity dates of one year or less from the acquisition date are also considered cash under statutory accounting principles, and are reported at fair market value.

Accounts Receivable – Management believes all receivables are fully collectible; accordingly, no allowance for doubtful accounts has been recorded.

Bonds – Bonds are stated at amortized cost using the interest method.

Common Stocks – Common stocks are stated at fair market value.

Preferred stocks – Preferred stocks are stated at fair market value.

Mortgage Loans – The Company does not have mortgage loans.

Notes to Financial Statements

Loan Backed Securities – Loan backed securities are stated at cost; the prospective adjustment method is used to value securities.

Investments in Subsidiaries, Controlled and Affiliated Companies – The Company does not have Investments in Subsidiaries, Controlled and Affiliated Companies.

Investments in Joint Ventures, Partnerships and Limited Liability Companies – Investments in limited partnerships are accounted for using the equity method.

Derivatives – The Company does not have investments in derivatives.

Premium Deficiency Calculation – The Company has calculated a premium deficiency reserve of \$174,000 on the Medicare line of business.

Capitalization Policy – This is not applicable to the Company.

Pharmaceutical Rebates – The Company has pharmaceutical rebates receivable of \$385,881 and \$112,964 at December 31, 2011 and 2010, respectively.

Real Estate Investments – The Company does not have investments in real estate.

Property and Equipment – The Company does not have property and equipment.

Income Taxes - The Company accounts for income taxes as prescribed by SSAP Number 10. A current liability or asset is recognized based on amounts currently payable or refundable on the current year tax return. Deferred liabilities or assets are reported for the estimated future tax effects of temporary differences between statutory and tax accounting methods.

Revenue Recognition - Capitation premiums are recognized in the period members are entitled to related health care services.

Recognition of Health Care Service Costs - Health care service costs and the related liabilities for claims payable are recorded when medical services are authorized, as well as when services are provided without authorization to the extent such services are expected to be ultimately authorized. Claims payable includes an actuarially determined estimate of the ultimate cost of settling claims.

Use of Estimates - The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Regulation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to claims payable. It is at least reasonably possible that these estimates will be materially revised in the near term.

Note 2 – Accounting Changes and Corrections of Errors

During 2010, the Company discovered errors related to the prior year, resulting in a net loss to surplus of approximately \$2,200,000. In accordance with SSAP 3, the correction was recorded as an adjustment to unassigned surplus. Health Care Receivables and Net Premium were understated by approximately \$2,900,000, and Hospital and Medical Expenses and Claims Unpaid related to HRA Liability were understated by approximately \$5,100,000.

Note 3 – Business Combinations and Goodwill

This Note is not applicable to the Company.

Note 4 – Discontinued Operations

This Note is not applicable to the Company.

Note 5 – Investments

This Note is not applicable to the Company.

Notes to Financial Statements

Note 6 – Joint Ventures, Partnerships, and Limited Liability Companies

The Company has no investment in joint ventures, partnerships, or limited liability companies that exceed 10% of the admitted assets of the Company.

Note 7 – Investment Income

This Note is not applicable to the Company.

Note 8 – Derivative Instruments

This Note is not applicable to the Company.

Note 9 – Income Taxes

A. The components of the net deferred tax asset are as follows:

	December 31, 2011			December 31, 2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 410,954	\$ 142,315	\$ 553,269	\$ 451,009	\$ -	\$ 451,009
Gross deferred tax liabilities	-	(155,981)	(155,981)	-	(203,425)	(203,425)
Net deferred tax asset			397,288			247,584
Nonadmitted deferred tax assets			71,164			-
Net admitted deferred tax asset			326,124			247,584
Decrease in nonadmitted asset			\$ (71,164)			\$ 171,071

The Company has not elected to admit DTAs pursuant to SSAP 10R, paragraph 10e for the year ended December 31, 2011 and 2010.

The components of the deferred tax asset, by tax character, recognized by the Company are as follows:

	December 31, 2011			December 31, 2010		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Recovered through loss carrybacks (10a)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lesser of:						
Expected to be recognized within one year (10bi.)	326,124	-	326,124	330,941	-	330,941
Ten percent of adjusted capital and surplus (10bii.)	-	-	-	-	-	-
Adjusted gross deferred tax assets offset against existing deferred tax liabilities (10c.)	-	155,981	155,981	-	203,425	203,425

The Company has not entered into any tax planning strategies that would impact the determination of deferred tax assets.

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

C. Current income taxes incurred consist of the following major components:

The provisions for income taxes incurred on earnings for the years ended December 31 are:

	2011	2010
Current income tax expense	\$ 6,393,053	\$ 6,404,527
Tax on capital gains (losses)	126,713	151,355
Federal income taxes incurred	\$ 6,519,766	\$ 6,555,882

Notes to Financial Statements

The tax effect of temporary differences between statutory and tax accounting are as follows for the years ended December 31:

	2011	2010
Deferred tax assets:		
Discount on unpaid losses and loss adjustment expense	\$ 324,374	\$ 307,377
Unrealized losses	142,315	-
Nonadmitted Assets	86,580	143,632
Total deferred tax assets	553,269	451,009
Nonadmitted deferred tax assets	(71,164)	-
Admitted deferred tax assets	482,105	451,009
Deferred tax liabilities:		
Basis difference in investments	(155,981)	(106,553)
Unrealized gains	-	(96,872)
Total deferred tax liabilities	(155,981)	(203,425)
Net admitted deferred tax asset	\$ 326,124	\$ 247,584

The change in net deferred income taxes is as follows for the years ended December 31:

	2011	2010	Change
Total deferred tax assets	\$ 553,269	\$ 451,009	\$ 102,260
Total deferred tax liabilities	(155,981)	(203,425)	47,444
Net deferred tax asset	397,288	247,584	149,704
Tax effect of unrealized gains			239,187
Change in net deferred income tax benefit			\$ (89,483)

D. Reconciliation of federal income tax rate to actual effective rate:

A reconciliation of statutory to tax income and the related tax effect is as follows:

	December 31, 2011			December 31, 2010		
	Amount	Tax Effect	Effective Tax Rate	Amount	Tax Effect	Effective Tax Rate
Provision computed at statutory rate	\$19,302,901	\$ 6,756,015	35.00%	\$17,980,742	\$ 6,293,260	35.00%
Tax-Exempt Interest	(452,230)	(158,281)	-0.82%	(466,548)	(163,292)	-0.91%
Non-deductible contributions	97,032	33,961	0.18%	212,421	74,347	0.41%
Capital gains (losses)	(362,037)	(126,713)	-0.66%	(432,444)	(151,355)	-0.84%
Other	(319,800)	(111,930)	-0.58%	1,004,477	351,567	1.96%
Subtotal	18,265,866	6,393,053	33.12%	18,298,648	6,404,527	35.62%

E. Income tax carryforwards:

At December 31, 2011, the Company had net operating loss carryforwards expiring through the year of 2031 of \$0.

At December 31, 2011, the Company had capital loss carryforwards expiring through the year 2016 of \$0.

At December 31, 2011, the Company had an AMT credit carryforward, which does not expire, in the amount of \$0.

Notes to Financial Statements

The following is income tax expense for 2011 and 2010 that is available for recoupment in the event of future net losses:

Year Incurred	Ordinary	Capital	Total
2009	6,055,557	-	6,055,557
2010	6,629,532	151,355	6,780,887
2011	6,361,691	126,713	6,488,404

Deposits admitted under IRC § 6603: None

F. Consolidated federal income tax return:

The Company’s federal income tax return is consolidated with the following entities:

- Caidan Holding Company, Inc. (Parent)
- Meridian Health Plan of Illinois, Inc.
- Meridian Health Plan of Iowa, Inc.

Federal income tax will be allocated to the Company as if the Company were filing a separate income tax return. The Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

The Company is a wholly owned subsidiary of a holding company, Caidan Holding Company, Inc. The Company paid dividends of \$0 and \$5,000,000 in 2011 and 2010, respectively.

Effective June 1, 2006, the Company contracted with Caidan Management Company, a third party administrator related through common ownership, for administrative services. The Company paid management fees to Caidan Management Company totaling \$87,566,498 and \$86,633,908 in 2011 and 2010, respectively.

Effective January 1, 2011, the Company entered into an agreement with MeridianRx, a third party administrator related through common ownership, for pharmacy benefit management services. The Company incurred expenses totaling \$91,171,970 and had outstanding amounts due to MeridianRx totaling \$4,271,670 at December 31, 2011 related to this agreement.

Note 11 – Debt

The Company has no outstanding debt at December 31, 2011.

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences, and Other Postretirement Benefit Plans

This Note is not applicable to the Company.

Note 13 – Capital and Surplus, Stockholders’ Dividend Restrictions, and Quasi-Reorganizations

The Company has 100,000 common shares authorized and 1,000 shares issued and outstanding at December 31, 2011. All shares are common stock with a stated value of \$44.70 per share.

Subject to other regulatory limitations on capital and surplus and working capital, the Company is limited by statute to paying dividends no greater than 10 percent of annual income without prior approval of the Michigan Office of Financial and Insurance Regulation. The Company paid dividends of \$0 and \$5,000,000 in 2011 and 2010, respectively.

The portion of unassigned funds (surplus) represented by changes in non-admitted asset values is \$91,843 and \$628,223 at December 31, 2011 and 2010, respectively. The portion of unassigned funds (surplus) represented by unrealized gains and losses is \$(445,849) and \$245,482 at December 31, 2011 and 2010, respectively.

Notes to Financial Statements

Note 14 – Contingencies

This Note is not applicable to the Company.

Note 15 – Leases

This Note is not applicable to the Company.

Note 16 – Information About Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk

This Note is not applicable to the Company.

Note 17 – Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

This Note is not applicable to the Company

Note 18 – Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

This Note is not applicable to the Company.

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

This Note is not applicable to the Company.

Note 20 – Fair Value Measurements

The following table presents information about the Company’s assets and liabilities measured at fair value at December 31, 2011, and the valuation techniques used by the Company to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Assets Measured at Fair Value on a Recurring Basis

	Level 1	Level 2	Level 3	Total
Money Market Mutual Funds	\$ 7,289,715	\$ -	\$ -	\$ 7,289,715
Preferred stock - Industrial & Miscellaneous	29,361	-	-	29,361
Common stock - Industrial & Miscellaneous	6,692,825	-	-	6,692,825
	<u>\$ 14,011,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,011,901</u>

Note 21 – Other Items

At December 31, 2011 and 2010, the Company had admitted assets of \$6,940,029 and \$8,681,656 respectively, in accounts receivable for amounts due from governmental entities and other healthcare providers. The Company routinely assesses the collectibility of these receivables. At December 31, 2011 and 2010 the Company has determined there are no uncollectible receivables.

Note 22 – Events Subsequent

This note is not applicable to the Company.

Notes to Financial Statements

Note 23 – Reinsurance

The Company maintains a reinsurance policy to provide coverage on an annual per member basis after a deductible for eligible services is reached. The deductible for the period from January 1, 2011 through June 30, 2011 is \$250,000. For the period July 1, 2011 through December 31, 2011 the Company had two reinsurance policies in effect. The first agreement is with a related party through common ownership and management, and the deductible is \$175,000. This reinsurance policy will cover losses incurred per member from \$175,000 to \$300,000. The second agreement has a deductible of \$300,000. The maximum agreement period reinsurance indemnity payable is \$2,000,000 per member. The Company has reported premiums net of reinsurance ceded of \$1,082,211 and \$668,148 as of December 31, 2011 and 2010, respectively. Losses recovered by the Company totaled approximately \$352,000 and \$489,000 in 2011 and 2010, respectively. At December 31, 2011 and 2010, the Company has a reinsurance receivable recorded of \$353,463 and \$14,339, respectively.

The Company does not have reinsurance assumed, uncollectible reinsurance, or retroactive reinsurance.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

This Note is not applicable to the Company.

Note 25 – Change in Incurred Claims and Claim Adjustment Expenses

An enrolled actuary has determined the estimated reserve for claims incurred but not reported. Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has decreased by \$2,691,396 primarily due to the re-estimation of unpaid claims and claim adjustment expenses. This increase/decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Note 26 – Intercompany Pooling Arrangements

This Note is not applicable to the Company.

Note 27 – Structured Settlements

This Note is not applicable to the Company.

Note 28 – Health Care Receivables

The Company has Pharmaceutical Rebate Receivables of \$385,881 and \$112,964 at December 31, 2011 and 2010, respectively.

Notes to Financial Statements

The Company has no accounts receivable from risk sharing arrangements at December 31, 2011 and 2010.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2011	\$ 385,881	\$ 385,881	\$ 189,589	\$ -	\$ -
9/30/2011	-	-	-	-	-
6/30/2011	-	-	-	-	-
3/31/2011	-	-	-	-	-
12/31/2010	112,964	112,964	112,964	-	-
9/30/2010	-	-	-	-	-
6/30/2010	-	-	-	-	-
3/31/2010	-	-	-	-	-

Note 29 – Participating Policies

This Note is not applicable to the Company.

Note 30 – Premium Deficiency Reserves

This Note is not applicable to the Company.

Note 31 – Anticipated Salvage and Subrogation

This Note is not applicable to the Company.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[]
- 2.2 If yes, date of change:

10/10/2011
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2008
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/11/2010
- 3.4 By what department or departments?

State of Michigan Office of Financial and Insurance Regulation
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Plante & Moran, PLLC 2601 Cambridge Court, Suite 500 Auburn Hills, MI 48326
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[] N/A[]
- 10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Larry Pfannerstill, Milliman USA 15800 Bluemound Rd. Suite 400 Brookfield, WI 53005-6069; Actuary/consultant with an actuarial firm

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[]
- 14.1.1 Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 14.1.2 Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- 14.1.3 Compliance with applicable governmental laws, rules and regulations;
- 14.1.4 The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 14.1.5 Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes[] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.1.1 To directors or other officers

\$0
- 20.1.2 To stockholders not officers

\$0
- 20.1.3 Trustees, supreme or grand (Fraternal only)

\$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.2.1 To directors or other officers

\$0
- 20.2.2 To stockholders not officers

\$0
- 20.2.3 Trustees, supreme or grand (Fraternal only)

\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.2.1 Rented from others

\$0
- 21.2.2 Borrowed from others

\$0
- 21.2.3 Leased from others

\$0
- 21.2.4 Other

\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 22.2 If answer is yes:
- 22.2.1 Amount paid as losses or risk adjustment

\$0
- 22.2.2 Amount paid as expenses

\$0
- 22.2.3 Other amounts paid

\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes[X] No[]
- 24.2 If no, give full and complete information, relating thereto:
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[] No[] N/A[X]
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

\$0
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.

\$0
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[] No[] N/A[X]
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[] No[] N/A[X]
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3).

Yes

☒

No

☐

25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$

0

25.22

Subject to reverse repurchase agreements

\$

0

25.23

Subject to dollar repurchase agreements

\$

0

25.24

Subject to reverse dollar repurchase agreements

\$

0

25.25

Pledged as collateral

\$

0

25.26

Placed under option agreements

\$

0

25.27

Letter stock or securities restricted as to sale

\$

0

25.28

On deposit with state or other regulatory body

\$

1,224,256

25.29

Other

\$

0

25.3

For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes

☐

No

☒

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes

☐

No

☐

N/A

☒

27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes

☐

No

☒

27.2

If yes, state the amount thereof at December 31 of the current year.

\$

0

28.

Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes

☒

No

☐

28.01

For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Comerica Bank	500 Woodward Ave, Detroit, MI 48226

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes

☐

No

☒

28.04

If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
123286	Roble Asset Management	5700 Corporate Drive, Pittsburgh,PA 15237
114949	Madison Scottsdale	8777 N. Gainey Center Dr, Ste 200, Scottsdale, AZ 85258
8174	UBS	89 Kercheval Ave., Grosse Pointe Farms, MI 48236

29.1

Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes

☐

No

☒

29.2

If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total		

29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	56,603,155	58,404,022	1,800,867
30.2 Preferred stocks	29,361	29,361	
30.3 Totals	56,632,516	58,433,383	1,800,867

30.4 Describe the sources or methods utilized in determining the fair values
Month end market analysis/valuation

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[] No[X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[] No[] N/A[X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?

\$..... 0

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid
Public Affairs Associates	60,000

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ 0

1.62 Total incurred claims

\$ 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ 0

1.65 Total incurred claims

\$ 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ 0

1.72 Total incurred claims

\$ 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ 0

1.75 Total incurred claims

\$ 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	960,550,710	873,176,910
2.2	Premium Denominator	960,550,710	873,176,910
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	98,694,768	84,527,722
2.5	Reserve Denominator	98,694,768	84,527,722
2.6	Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X] N/A[]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ 345,000

5.32 Medical Only

\$ 0

5.33 Medicare Supplement

\$ 0

5.34 Dental & Vision

\$ 0

5.35 Other Limited Benefit Plan

\$ 0

5.36 Other

\$ 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless provisions, Insolvency coverage under reinsurance policy and State Mandated Trust Fund

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 12,550

8.2 Number of providers at end of reporting year

..... 21,186

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ 13,424,729

10.22 Amount actually paid for year bonuses

\$ 10,844,215

10.23 Maximum amount payable withholds

\$ 505,860

10.24 Amount actually paid for year withholds

\$ 371,572

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ 53,394,006

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]

11.6 If the amount is calculated, show the calculation.

RBC 200% of Authorized Control Level

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Alcona
Allegan
Alpena
Antrim
Arenac
Barry
Bay
Benzie

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Berrien
Branch
Calhoun
Cass
Charlevoix
Clare
Clinton
Crawford
Eaton
Emmet
Genesee
Gladwin
Grand Traverse
Gratiot
Hillsdale
Huron
Ingham
Ionia
Iosco
Isabella
Jackson
Kalamazoo
Kalkaska
Kent
Lake
Lapeer
Lenawee
Livingston
Macomb
Manistee
Mason
Mecosta
Midland
Missaukee
Monroe
Montcalm
Montmorency
Muskegon
Newaygo
Oakland
Oceana
Ogemaw
Osceola
Oscoda
Otsego
Ottawa
Presque Isle
Roscommon
Saginaw
Sanilac
Shiawassee
St. Clair
St. Joseph
Tuscola
Van Buren
Washtenaw
Wayne
Wexford

13.1 Do you act as a custodian for health savings accounts?

Yes[] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$.....0

13.3 Do you act as an administrator for health savings accounts?

Yes[] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$.....0

FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
BALANCE SHEET (Pages 2 and 3)					
1. TOTAL Admitted Assets (Page 2, Line 28)	182,759,188	156,590,188	117,105,525	95,274,105	73,679,770
2. TOTAL Liabilities (Page 3, Line 24)	105,177,784	91,475,142	57,092,623	44,996,195	38,377,649
3. Statutory surplus	53,394,006	48,486,790	36,866,500	25,337,446	20,655,876
4. TOTAL Capital and Surplus (Page 3, Line 33)	77,581,404	65,115,046	60,012,902	50,277,910	35,302,121
INCOME STATEMENT (Page 4)					
5. TOTAL Revenues (Line 8)	960,550,716	873,176,910	651,900,988	423,942,604	310,824,251
6. TOTAL Medical and Hospital Expenses (Line 18)	782,942,607	704,937,385	530,673,477	354,195,781	273,737,981
7. Claims adjustment expenses (Line 20)	3,334,249	2,656,015	2,238,131	1,686,531	1,088,961
8. TOTAL Administrative Expenses (Line 21)	156,545,626	149,440,212	99,138,278	44,790,407	24,689,952
9. Net underwriting gain (loss) (Line 24)	17,728,234	16,143,298	19,851,102	23,269,885	11,307,357
10. Net investment gain (loss) (Line 27)	1,574,666	1,837,444	1,517,144	1,589,029	5,066,787
11. TOTAL Other Income (Lines 28 plus 29)			35,366	1,052	
12. Net income or (loss) (Line 32)	12,909,847	11,576,215	14,342,371	16,511,460	10,636,643
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	27,776,921	46,104,492	25,356,358	22,904,486	22,281,054
RISK-BASED CAPITAL ANALYSIS					
14. TOTAL Adjusted Capital	77,581,404	65,115,046	60,012,902	50,277,910	35,302,121
15. Authorized control level risk-based capital	26,697,003	24,243,395	18,415,227	12,668,552	10,327,938
ENROLLMENT (Exhibit 1)					
16. TOTAL Members at End of Period (Column 5, Line 7)	290,587	279,585	236,770	167,207	133,250
17. TOTAL Members Months (Column 6, Line 7)	3,429,167	3,131,834	2,399,409	1,817,726	1,545,122
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19)	81.5	80.7	80.4	79.0	82.9
20. Cost containment expenses					
21. Other claims adjustment expenses	0.3	0.3	0.3	0.4	0.3
22. TOTAL Underwriting Deductions (Line 23)	98.2	98.2	95.7	89.4	90.7
23. TOTAL Underwriting Gain (Loss) (Line 24)	1.8	1.8	3.0	5.2	3.4
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5)	81,836,326	58,645,022	35,103,805	31,761,506	18,854,426
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	84,527,722	52,069,774	35,278,314	32,313,988	18,289,019
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. TOTAL of Above Lines 26 to 31					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L		767,192	960,865,729				961,632,921	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X		767,192	960,865,729				961,632,921	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1		767,192	960,865,729				961,632,921	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

Caidan Enterprises, Inc. (MI; Federal Employer Identification # 52-2422207)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

D. Cotton, MD	32.4%
S. Cotton	31.6%
J. Cotton	10.0% - Non Voting Stock
S.P. Cotton	10.0% - Non Voting Stock
M. Cotton	10.0% - Non Voting Stock
T. Lauzon	6.0%

Caidan Management Company, LLC (MI; Federal Employer Identification # 26-4004494)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

Caidan Enterprises, Inc.	100%
--------------------------	------

Meridian Rx, LLC (MI; Federal Employer Identification # 27-1339224)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

Caidan Enterprises, Inc.	100%
--------------------------	------

Health Management, Inc. (MI; Federal Employer Identification # 38-3360283)

(common ownership with Caidan Enterprises, Inc. majority shareholder)

Organization Governance and Ownership Structure:

Equity Shareholders

Shareholders at December 31, 2011:

D. Cotton, MD	100%
---------------	------

Caidan Holding Company, Inc. (MI; Federal Employer Identification # 26-4004578)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

Caidan Enterprises, Inc.	100%
--------------------------	------

Meridian Health Plan of Michigan, Inc. (MI; NAIC # 52563; Federal Employer Identification # 38-3253977)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

Caidan Holding Company, Inc.	100%
------------------------------	------

Meridian Health Plan of Illinois, Inc. (IL; NAIC # 13189; Federal Employer Identification # 20-3209671)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

Caidan Holding Company, Inc.	100%
------------------------------	------

Meridian Health Plan of Iowa, Inc. (IA; NAIC # 14145; Federal Employer Identification # 45-1749180)

Organization Governance and Ownership Structure:

Equity Shareholders

Board of Directors

Shareholders at December 31, 2011:

Caidan Holding Company, Inc.	100%
------------------------------	------

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